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EXAMINER

MILEF, ELDA G

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/404,518
Filing Date: September 23, 1999
Appellant(s): SERKIN ET AL.

Denis G. Maloney
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 2/6/2009 appealing from the Office action mailed 7/24/2008

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The following are the related appeals, interferences, and judicial proceedings known to the examiner which may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal:

Board Decision Appeal 2006-3104

Decided: November 8, 2007

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

6,405,180	Tilfors et al.	6-2002
6,421,653	May	7-2002

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

1. Claims 1, 3, 6-12, 14, 17, 18, 20-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tilfors et al. (hereinafter Tilfors, U.S. Patent No. 6,405,180).

Re claim 1: Tilfors disclose:

A computer implemented method of executing an order (col. 1, lines 14-19),
comprising:

receiving an order from a customer of a market participant (Fig. 1 and col.4 lines 6-15);

for the order, checking if a market participant identification associated with the order from the customer matches a market participant identification representing a quote in the computer system which is at the best bid or best offer price in the computer system (Tilfors checks the market participant identification associated with the order as being one of a customer, a firm or another market maker. Col. 4, lines 15-17));

and if the market participant identification matches the market participant identification representing a best bid or offer quote in the computer system,

matching off the customer order against the one of the best bid or best offer quote of the matching market participant identification that is at the opposite side of the market irrespective of any other priority established for matching orders in the computer system (Tilfors discloses using different types of trading procedures based on the types of counterpart being matched (col. 4, lines 18-26) all the while insuring that the quote in the system being used is at a best bid or best offer(col. 4 lines 37-45)). Tilfors provide for a procedure for executing a trade for matching prices between two market makers (col. 5 lines 55-67, col. 6 lines 1-14). Furthermore, it is obvious that Tilfors matches off the customer order against the one of the best bid or best offer quote of the matching market participant identification that is opposite irrespective of any other priority established for matching orders in the system because Tilfors discloses "it is desired

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that the spread be smaller than it is today, without forcing the market makers to take the risk of making undesired matches” (see cols. 1-2).

Re claim 3: Tilfors discloses:

wherein matching-off the order without regard to any priority is with respect to a time priority of other quotes in the computer system, at the opposite side of the market to the customer order -see col. 1. Tilfors discloses that in existing exchange systems, a simple first in first served model [time priority] in matching is commonly used. The first in first served model forces the market makers to take the risk of making undesired matches because of the requirement by the exchange for market makers to enter two way quotes. Tilfors provides a method of matching based on different or type of counterpart, as well as parameters specified by the market maker –see col. 2.

Re claims 6, 7: Tilfors disclose:

routing the order to a market participant corresponding to said market participant that has the one of the best bid or best offer that is at the opposite side of the market; wherein the customer order is checked against proprietary quotes and agency quotes of a market participant identification representing a quote in the computer system which is at the best bid or offer-see cols. 1-6.

Re claim 8: Tilfors disclose:

receiving the internal book of the market participant to match-off against the market participant's posted agency or proprietary quotes-see (“order book”) col. 4 lines 37-45, col. 5 line 22 to col. 6 line 44.

Re claim 9: Tilfors disclose:

wherein receiving a customer order further comprises: receiving the order via an order execution system –see FIG. 1; col. 3 line 47 to col. 4.

Re claim 10: Tilfors disclose:

receiving the order via a negotiation order entry system –see col. 1, col. 4 lines 37-45; col. 5 line 55-col. 6 line 34; FIGs. 1-4.

Re claim 11: Tilfors disclose a system, storage device, and an order execution process that receives orders and matches orders against quotes posted in the system on a time priority basis-see (“In existing automated exchange systems for continuous trading (dealer market), a simple first in first served model in the matching is commonly used.”)-see col. 1 in particular, lines 15-17;

Further Tilfors, disclose similar limitations found in the remaining claim as in claim 1 above and is rejected using the same art and rationale.

Re claim 12: Tilfors disclose execute the order against the one of the best bid or best offer that is at the opposite side of the market.-see col. 1; col. 2 lines 51-52; col. 4 lines 36-45.

Claims 14 and 17 have similar limitations found in claim 6 above, and therefore are rejected by the same art and rationale.

Re claims 18, 20: Further a computer program product would have been necessary to perform the method of previously rejected claims 11, 14 and are therefore rejected using the same art and rationale.

Re claims 21,22: Further a computer program product would have been necessary to perform the method of previously rejected claims 3 and 7 and are therefore rejected using the same art and rationale.

2. Claims 4, 5, 13, 16, 19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tilfors in view of May (U.S. Patent No. 6,421,653).

Re claims 4 and 5: Although Tilfors disclose “quotes that may result in a trade between market makers are hidden for some time before being matched, thus giving the market makers a chance to back off”)—see col. 2 lines 10-13, Tilfors do not explicitly disclose calling a cancel request to cancel a quote at the side of the market in which a matched off order will be executed. May however teaches (“The present invention provides at least three order management functions to facilitate the canceling or temporarily suspending the order...”)—see col. 35, lines 41-55. It would have been obvious at the time that the invention was made to modify Tilfors to explicitly disclose canceling an order as taught by May in order to cancel a trade quickly due to adverse market changes.

Claims 13 and 16 have similar limitations found in claims 4 and 5 above, and therefore are rejected by the same art and rationale.

Re claim 19: Further a computer program product would have been necessary to perform the method of previously rejected claim 13 and is therefore rejected using the same art and rationale.

(10) Response to Argument

As suggested in the decision rendered by the Board of Patents Appeals and Interferences decided on November 8, 2007, the Examiner has considered and applied the Tilfors et al. (US 6,405,180) reference in the examination of the application under appeal.

In response to the appellant's argument that Tilfors do not disclose checking if a market participant identification associated with the order from the customer matches a market participant identification representing a quote in the computer system, Tilfors checks the market participation identification associated with the order as being one or a customer, a firm, or another market maker (Tilfors, col. 4 lines 15-17). Tilfors discloses using different types of trading procedures based on the type of counterpart being matched (Col. 4, lines 18-26) all the while insuring that the quote in the system being used is at the best bid or best offer (Tilfors, col. 4, lines 37-45). Tilfors disclose ("In step 109, it is decided which type of person has entered the buying price, e.g. a customer, a firm or another market maker.") col. 4 lines 15-17. It is obvious that in order for the system of Tilfors to segment participants into types of counterparties, there must be an identification of the participant, otherwise the system cannot distinguish among the participant and the process will fail. Therefore, there must be an identification of them.

In response to the appellant's argument that Tilfors does not disclose matching off the customer order against the one of the best bid or best offer quote of the matching market participant. Tilfors disclose (" When the trade is executed, a check is done of the total volume in the orderbook at the best/bid offer, step 207.") col. 4 lines 37-45. Also, Tilfors disclose a procedure for executing an algorithm for matching prices between two market makers [market participants] wherein the prices are updated to arrive at the best price for both market makers, if the matching prices are established, the market makers having the matching offers are marked, and a match only takes place if the same, marked market [sic] makers still wants to trade. (Tilfors col. 5 line 55 to col. 6 line 6).

Regarding the appellant's argument that Tilfors disclose a generic orderbook, and do not suggest proprietary or agency quotes. Tilfors disclose market makers for certain financial instruments, wherein market makers send prices to the order book in instruments where his is a market maker, the prices are sent in as quotes. Quotes are always limit orders that will be stored in the book if not matched. (Tilfors, col. 3 lines 50-57) Therefore, Tilfors disclose the market makers own trading interest.

Regarding the appellant's argument that Tilfors do not disclose receiving a customer order via an order execution system. The appellant's attention is directed to Tilfors col. 4 lines 6-17 wherein Tilfors refers to a flow chart (Fig. 1), illustrating some basic steps in an automated exchange system including receiving a sell price and a buy price, and the system determines which type of counterparty, e.g., a customer, a firm or another market maker is trading.

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In response to the appellant's suggestion that neither Tilfors nor May disclose canceling a quote at the side of the market in which a matched off order will be executed. May discloses a system, method and computer program product for electronic trading of financial instruments including three order management functions to facilitate the canceling or temporary suspension of the order (May, col. 35, lines 41-54).

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/Elda Milef/
Examiner, Art Unit 3692

Conferees:

Kambiz Abdi /K.A./
Supervisory Patent Examiner, Art Unit 3692

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Appeals Conference Specialist